

21 December 2012

Faroe Petroleum plc (“Faroe Petroleum”, the “Company”)

Increased banking facilities secured

Faroe Petroleum, the independent oil and gas company focussing principally on exploration, appraisal and production opportunities in the Atlantic margin, the North Sea and Norway, is pleased to announce the signing of an increased bank credit facility to provide substantial additional finance to support the Company’s growth plans.

The committed amount under the Company’s Exploration Financing Facility shall be doubled to NOK 1 billion (approx. £110 million) from the initial NOK 500 million commitment. This extended facility has been put in place to service our on-going active Norwegian exploration programme alongside the expected exploration tax rebate under the Norwegian taxation system. The maturity date of the facility has been extended by one year to 31 December 2015.

All seven existing banks (BNP Paribas, Lloyds TSB Bank plc, Commonwealth Bank of Australia, DNB Bank ASA, Royal Bank of Scotland plc, SEB and SR Bank) are participating in the increased facility.

These enhanced facilities together with the Company’s robust cash balances and cash flow from its producing assets, including the Blane, Brage, Njord and Ringhorne East fields, mean the Company is well financed for its forward work programme.

Commenting on the new facilities, Iain Lanaghan, Finance Director, said:

“We are very pleased to have concluded this financing exercise, which alongside the earlier increase in our Reserve Base Lending Facility means we have doubled our committed debt facilities in 2012. The strong continuing support from our banks, all of whom participated, is a testament to the business, its prospects and assets.

“Alongside our robust production cash flows, our facilities provide us with greater funding capacity to support the development of the Group in our core areas, both in terms of organic and acquisition growth.”

- Ends -

For further information please contact:

Faroe Petroleum plc
Graham Stewart, CEO/Iain Lanaghan, FD

Tel: +44 1224 650 920

Panmure Gordon (UK) Limited
Katherine Roe/Callum Stewart

Tel: +44 20 7886 2500

Oriel Securities Limited
Michael Shaw/Ashton Clanfield

Tel: +44 20 7710 7600

FTI
Billy Clegg/Edward Westropp

Tel: +44 20 7831 3113

**Notes to Editors**

The Company has, through successive licence applications and acquisitions, built a substantial portfolio of exploration, appraisal, development and production assets across the Atlantic Margin, the UK and Norwegian North Sea and the Norwegian Sea. Faroe Petroleum has extensive experience working with major and independent oil companies and its joint venture partners include BP, Centrica, Chevron, DONG, ENI, E.ON Ruhrgas, GDF, OMV, RWE Dea, Statoil and Wintershall.

The Company's licence portfolio provides considerable spread of risk and reward, encompassing over 40 licences located in the West of Shetlands, offshore the Faroe Islands, the UK North Sea and Norway. In addition Faroe Petroleum currently has interests in six producing oil and gas fields in the UK and Norway, including interests in the Blane oil field and Schooner gas field in the UK, and interests in the producing Njord, Brage and Ringhorne East fields in Norway.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange plc with offices in Aberdeen, Stavanger, London and Torshavn. The Company is well financed with a fully funded drilling programme in 2013 and has highly experienced technical teams who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.